

TOWN OF DAVIE TOWN COUNCIL AGENDA REPORT

TO: Mayor and Council Members

FROM/PHONE: Ken Cohen, Assistant Town Administrator/797-1035

PREPARED BY: William (Bill) F. Underwood, II, Director/797-1050

SUBJECT: Ordinance

AFFECTED DISTRICT: Town Wide

TITLE OF AGENDA ITEM: AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA; AMENDING THE RETIREMENT PLAN AND TRUST FOR THE MANAGEMENT AND GENERAL EMPLOYEES OF THE TOWN OF DAVIE; PROVIDING FOR CONFLICTING ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

REPORT IN BRIEF: The Town Council approved a new Retirement Plan and Trust for Town of Davie Management and General Employees. Subsequent to this, the Town adopted the fiscal year 2005 annual appropriation that included a plan to amend this retirement plan to provide an additional 2 years of credited service. Unfortunately, the actual cost for this amendment is about \$209,000 more than the \$850,000 appropriated from the Community Endowment Fund which has a current available balance of \$2,482,774. In order to provide this benefit, an additional appropriation will be required. As a result, this amendment provides a one-time opportunity for employees to purchase up to one and one-half years of eligible service at the Town's current contribution level of not less than 12.55% of annual compensation. The Town appropriated funds to purchase the difference in between the employee contribution and that which is necessary to actuarially fund the credited service.

Additionally, this amendment performs some housekeeping measures. It provides for split service between management and general employee type, redefines management employee to exclude assistant or deputy chief of police and fire due to state statute requirement that this type of employee be included in the police and fire pensions, and the definition of normal retirement benefit.

The current budget is appropriated to spend an amount not to exceed \$850,000 to meet the past service credit.

PREVIOUS ACTIONS: Ordinance 2004-002

CONCURRENCES: Town Administrator's Office

FISCAL IMPACT:

Has request been budgeted? Yes

If yes, expected cost: \$850,000

RECOMMENDATION(S): Motion to approve the ordinance.

Attachment(s): Ordinance

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, BROWARD COUNTY, FLORIDA; AMENDING THE RETIREMENT PLAN AND TRUST FOR THE MANAGEMENT AND GENERAL EMPLOYEES OF THE TOWN OF DAVIE; PROVIDING FOR CONFLICTING ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town Council established a Retirement Plan and Trust for the Management and General Employees of the Town of Davie pursuant to Ordinance number 2004-2; and

WHEREAS, the Retirement Plan and Trust agreement was executed on January 07, 2004; and

WHEREAS, The Plan and Trust authorizes the Town Council to amend the Plan and Trust, in whole or in part, either retroactively or prospectively, by delivering to the Trustee a written amendment in accordance with the limitations set out in that section; and

WHEREAS, the Town Council desires to amend Sections 6.02, 1.18.1 and E of the plan document.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE FLORIDA:

SECTION 1. The Town Council of the Town of Davie, in its capacity as the Trustee of the Retirement Plan and Trust for the Management and General Employees of the Town of Davie, hereby approves the changes as set out forth below:

6.02 Normal Retirement Benefit

- (1) A Participant retiring hereunder on or after his Normal Retirement Date shall receive a monthly benefit as specified in the Adoption Agreement - Section G2, Normal Retirement Benefit, which shall commence on the first day of the month coincident with or next following his termination of employment.
- (2) In the event that a Participant does not begin to receive his Benefit at his Normal Retirement Date, such Participant shall be entitled to a deferred benefit equal to the benefit he was entitled to receive at his Normal Retirement Date, adjusted to take into account his Average Final Compensation and years of Credited Service as of his actual retirement date.
- (3) Participants who transfer from a General Employee position covered by the plan to a Management Employee position covered by the plan will have a bifurcated benefit as outlined below.
 - A. Years of service as a General Employee member of the plan multiplied by two percent (2%).

- B. Years of service as a Management Employee member of the plan multiplied by three percent (3%).
- C. The normal retirement benefit will be the sum of A. and B. above multiplied by Average Final Compensation and paid at the Management Employee Normal or Early Retirement Date as specified in Section G1 of the adoption agreement.
- D. Participants transferring from a General Employee to a management employee position may purchase all years of Credited Service at three percent (3%) provided the member pays the actual actuarial cost of the increase as determined by the plan Actuary. Payment for the purchase of as authorized above, shall be made in one of the following manners:
 - 1. Cash lump sum payment.
 - 2. Direct transfer or rollover of an eligible rollover distribution from a qualified Plan.
 - 3. Full payment for the purchase must be made before separation from Town employment.

1.18.1 **“Management Employee”**: shall mean town administrator, assistant or deputy town administrator, directors, the police and fire chief, ~~deputy or assistant police or fire chief~~, town clerk, deputy or assistant town clerk, redevelopment administrator, programs administrator, executive assistant to town administrator and deputy or assistant directors.

G2) Normal Retirement Benefit (Section 6.02):

The monthly retirement benefit shall be a single life annuity equal to:

For General Employees, the Normal Retirement Benefit shall be a monthly benefit equal to the number of years of Credited Service multiplied by Average Final Monthly Compensation and multiplied by two percent (2%).

For Management Employees, the Normal Retirement Benefit shall be a monthly benefit equal to the number of years of Credited Service multiplied by Average Final Monthly Compensation and multiplied by three percent (3%).

E. CREDITED SERVICE

E1) If an Employee is hired after October 1, 2003, credited service shall mean the total number of years and fractional parts of years of service measured from date of employment. If an employee is a current employee as of October 1, 2003, credited service shall mean the total number and fractional parts of years of service measured from the date of entry into the plan and the total number and fractional parts of years of service purchased at actual actuarial cost. Current employees of the Town of Davie will have until January 30, 2004 to make a non-revocable election to enter the plan. Current employees who elect to enter the plan prior to January 30, 2004 will have a plan entry date of October 1, 2003.

Credited Service may be purchased for all years of service with the Town of Davie at actual actuarial cost. Up to five (5) years of credited service may be purchased for previous full-time employment with the federal government, including military service, or any state, county, or city government other than the Town of Davie, provided that no retirement benefits were provided for such previous full-time employment with the federal government, including military service, or any state, county, or city.

E2) Option of Purchasing Prior Credited Service

Credited service shall also include credited service purchased by a member in accordance with this section:

- a) Participants who were employed in a position covered by the Plan prior to October 1, 2003, may purchase up to five (5) additional years of credited service under the Plan for all or a portion of their previous full-time employment with the federal government, including military service, or any state, county, or city government other than the Town of Davie. Any participant who elects to purchase previous full-time employment with the federal government, including military service, or any state, county, or city government other than the Town of Davie, shall pay the full actuarial cost of such credited service on or before three (3) months from the date of the past service cost calculation, in accordance with subsection ~~(e)~~(d) below.
- b) Participants with a hire date after October 1, 2003, may purchase up to five (5) additional years of credited service at any time before completing twelve (12) months of service with the Town of Davie; provided the member has paid into the plan prior to completing twelve (12) months of service, the full actuarial cost of such credited service as determined by the plan actuary. No additional service credit will be allowed if the participant is receiving or will receive any other retirement benefit based on the prior government service.
- c) Participants who were employed in a position covered by the Plan prior to February 1, 2005, may purchase up to two (2) additional years of credited service under the Plan for all or a portion of their previous full-time employment with the federal government, including military service, or any state, county, or city government including service with the Town of Davie. Participants shall contribute towards the purchase of such prior service twelve and fifty-five one-hundredths percent (12.55%) of the participant's current compensation. The Town shall contribute towards the purchase of such prior service an amount that has been included in the Town budget for this purpose. If the combined sum of the participant and employer contributions are less than the total actuarial cost of all past service purchased pursuant to this paragraph, any remaining balance shall be paid by the participant as follows: The remaining balance due from each participant shall be determined by dividing the total actuarial cost for the individual by the total actuarial cost for the purchase of past service for all participants electing to purchase past service; the result is then multiplied by the total remaining balance for the purchase of past service under this subsection. The amount determined pursuant to the preceding sentence must be paid in full by the participant within two years from the date of the prior service cost calculation, in accordance with subsection (d) below. No additional service credit will be allowed if the participant is receiving or will receive any other retirement benefit based on the prior government service.
- ~~e)~~d) Payment for the purchase of credited service authorized in subsection (a), (b) and ~~(b)~~(c), above, shall be made in one of the following manners:
 - 1. Cash lump sum payment.
 - 2. Direct transfer or rollover of an eligible rollover distribution from a qualified plan

Full payment for the purchase of past service credit must be made before separation from Town employment. If full payment is not made by time of separation, credited service shall be based on amount of payment received.

E3) VESTED SERVICE (for benefit eligibility)

For General Employees, the total number of years and fractional parts of years of service measured from the date of employment for general employees.

For Management Employees, the total number of years and fractional parts of years of service measured from the date of employment, for Management Employees hired after October 1, 2003. All Management Employees employed on October 1, 2003 are deemed one hundred percent vested.

SECTION 2. The Town Council of the Town of Davie hereby empowers the Mayor or its appointee of the Town of Davie with the authority to execute such documents and agreements as are required to effectuate this amendment of the Plan.

SECTION 3. All Ordinances or parts of Ordinances, in conflict with this Ordinance are hereby repealed.

SECTION 4. This Ordinance shall be effective October 1, 2003

PASSED ON FIRST READING THIS ____ DAY OF _____, 2005

PASSED ON SECOND AND FINAL READING THIS ____ DAY OF _____, 2005

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS ____ DAY OF _____, 2005

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